

Delaware Receives Federal Approval to Establish Reinsurance Program for 2020

On June 20, Gov. John Carney signed enabling legislation ([House Bill 193](#)) moving Delaware a step closer to a reinsurance program beginning in 2020.

NEW CASTLE (Aug. 20, 2019) – The Department of Health and Social Services (DHSS) received approval today from the Centers for Medicare and Medicaid Services (CMS) for a 1332 State Innovation Waiver under the Affordable Care Act to create a reinsurance program beginning in 2020 as a way to reduce premiums by up to 20 percent in Delaware's individual health insurance market.

Under Delaware's reinsurance program, a portion of high-cost health care claims that drive up insurance rates for everyone on the individual market will be reimbursed through an estimated \$27 million fund. The fund will use a mix of federal funding and assessments collected by the Delaware Department of Insurance from health insurance carriers. The Delaware Health Care Commission will administer the program.

Coupled with reduced rates already sought on the individual market in Delaware, the state expects a significant reduction in premiums for 2020. CMS authorized Delaware's reinsurance program through 2024.

"We are grateful to CMS for approving Delaware's 1332 State Innovation Waiver application that will enable us to establish a reinsurance program in our state," said DHSS Secretary Dr. Kara Odom Walker, a practicing family physician. "We expect that the reinsurance program will further stabilize the individual health insurance market and make premiums more affordable for Delawareans who need such coverage."

“The number one complaint/comment we receive from consumers at the Department of Insurance is the high cost of health insurance, especially from those who are not eligible for tax credits,” Insurance Commissioner Trinidad Navarro said. “With this new waiver program, people who earn above 400 percent of the federal poverty level, small business owners, and those who are not covered by their employers will save up to 20 percent on their health insurance premiums in the individual market. My office will continue to work to seek any and all means to help make health insurance more affordable for Delawareans.”

The CMS approval was the final step in a months-long process that included a recommendation from a working group that included DHSS, the Department of Insurance, legislators and other stakeholders, enabling legislation approved by Delaware’s General Assembly in June and signed into law by Gov. John Carney, and public comment periods at the state and federal levels.

Delaware is the 11th state to receive CMS approval for a reinsurance program. A [March 2019 analysis](#) by health care consultant Avalere found state-run reinsurance programs reduce premiums by almost 20 percent on average in their first year.

In addition to reducing premiums on the marketplace, the reinsurance program will benefit anyone who buys coverage on the individual market, including people who are not eligible for coverage at their workplace, those who are too young for Medicare or make too much money to be eligible for Medicaid, young people who have aged off their parents’ plans, or those who are self-employed.

In 2019, about 21,000 people enrolled for coverage on Delaware’s Health Insurance Marketplace. Open enrollment for 2020 will begin Nov. 1 and run through Dec. 15. To learn more about the marketplace, go to ChooseHealthDE.com.

The Department of Health and Social Services is committed to improving the quality of life of Delaware's citizens by promoting health and well-being, fostering self-sufficiency, and protecting vulnerable populations.